



## DEPARTMENT OF THE AIR FORCE

WASHINGTON, D.C. 20330-1060

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ALMAJCOM/FOA/DRU

11 JUN 2004

FROM: SAF/AQC  
1060 Air Force Pentagon  
Washington, DC 20330-1060

SUBJECT: Contractor Payment Issues and Concerns

Recently the DOD performed a review of payments on Air Force contracts. The review concluded, among other things, that payment errors were being made because of a conflict between guidance issued by the Department of Defense, the Office of Management and Budget, and the Federal Acquisition Regulations. Additional causes include incorrect entry of payment data into the automated payments system; the lack of consistency in the data on contracts, invoices, and the receiving documents; and the lack of any standard procedures. The DOD/IG made several recommendations regarding what documentation should be provided to support more accurate, as well as speedier, vendor payments.

Based on the DOD/IG findings, we would like to re-emphasize certain policies. Of major importance are the Contract Line Identification Numbers (CLINs) or Sub-line Identification Numbers (SLINs) (per DFARS 204.71, "Uniform Line Item Numbering System"). These should be utilized in all contractual documents, receiving reports and invoices, even those with one line item number so that all documents can be matched, resulting in speedier payments to vendors.


When awarding contracts, the contracting officer should ensure that the vendor name in the Central Contractor Registration (CCR) database matches the vendor name that is used in the award document, as well as the invoice name intended to be used by the vendor. This is particularly important when a vendor is using a "Doing Business As" name in place of its legal name for invoicing purposes. The vendor should be made aware that to use any other name that that which is in the CCR will delay payments, since payment offices will reject any mismatches. While not required by regulation, we must recommend that the contract action an accurate Data Universal Numbering System (DUNS) in addition to the required Contracting Activity Government Entity (CAGE) code. This will assist the vendor, the contracting office, and the payment office in making timely payments.

Further, when making an award, the Contracting Officer should advise the vendor to invoice in accordance with the contract. Besides the items mentioned above, the vendor should not show transportation charges as a separate line item, unless the contract has a CLIN for

transportation charges. If the invoice shows transportation charges as a separate line item when the contract does not have a separate line item for such charges, payment will be made only for the basic item. Obtaining subsequent payment for transportation costs would become the burden of the vendor and requires significant additional effort for both the DFAS OPLOC and the vendor.

Finally, Contracting Officers are reminded that they are required to put the payment office address on contracts indicating where invoices are to be mailed. Exceptions to this policy are those invoices requiring certification, by regulation, (by an organization on base) prior to receipt at the payment office. Those offices that provide certification must ensure that the invoice is date stamped upon receipt. Failure to provide the date stamp forces the paying office (by law) to use the date the vendor provided on the invoice to calculate any interest penalties.

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